

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7623

BILL NUMBER: SB 484

DATE PREPARED: Jan 18, 2001

BILL AMENDED:

SUBJECT: Safety of Health Facility Patients.

FISCAL ANALYST: Kathy Norris

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**FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL**

IMPACT: State

Summary of Legislation: *Isolation and Monitoring-* This bill requires a health facility to: (1) isolate from other patients and monitor at all times a patient who physically or sexually abuses another patient or who has a history of sexually abusive or violent behavior; and (2) if abuse occurs, notify the State Department of Health (the Department) and the family members or legal guardian of a patient who is physically or sexually abused by another patient.

Health Facility Fines- It classifies failure to isolate or monitor an abusive patient as an offense. It classifies a failure to notify as a deficiency. It requires the Department, within 10 days after receiving notice of an incident of abuse, to conduct a meeting with family members or the legal guardian of an abused patient and health facility staff.

Medicaid Reimbursement- It permits the Office of Medicaid Policy and Planning (the Office) to withhold each month, to the extent permitted by federal law, a portion of the Medicaid reimbursement that would otherwise be paid to the health facility until the health facility has paid in full any fines levied against it by the Department.

Effective Date: July 1, 2001.

Explanation of State Expenditures: *Isolation and Monitoring; Medicaid Reimbursement-* The State Department of Health (the Department) would likely incur additional administrative expenses regarding the reporting and meeting requirements of this bill. The specific effects are currently indeterminable and would depend upon the number of health facilities that fail to meet isolation and monitoring requirements.

The Family and Social Services Administration (FSSA) would experience a minimal increase in administrative expenses regarding the Medicaid reimbursement withholding portion of this bill. FSSA would be required to withhold a portion of Medicaid reimbursement to facilities that do not pay certain fines to the

Department.

Medicaid Costs- Since Medicaid reimbursement to eligible health facilities is based on various factors such as room and board rates, the potential exists for an increase in Medicaid reimbursement by the State. In accordance with this bill, health facilities would be required to isolate certain patients who otherwise would not be afforded a private room, for example. The specific effects are currently indeterminable and would depend upon the number of individuals who would need to be isolated and monitored.

State-Owned Facilities Cost - If applicable to estate-owned institutions, the isolation provisions of the bill may impact the staffing requirements of the facilities. The applicability of the provisions is currently being reviewed for the state facilities. The extent to which the isolation provision will financially impact the individual state facilities is currently indeterminable. *(This information will be updated as it becomes available.)*

Explanation of State Revenues: *Health Facility Fines-* The Department would be allowed to impose additional fines for health facilities that fail to isolate and monitor potentially sexually or physically abusive patients, or that fail to notify the Department of incidents involving this cohort of individuals. The specific effects are currently indeterminable, and would depend upon the number of facilities that do not comply with the requirements of this bill.

Fines are typically deposited into the state General Fund. It is not known if the potential increase in fines will reduce the number of sexual or physical violations committed in health facilities.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of Health; Family and Social Services Administration.

Local Agencies Affected:

Information Sources: Marilyn Cage, State Department of Health, (317) 233-2170; Susan Preble, Family and Social Services Administration, (317) 232-1149.